

Proposal for the Establishment of a Financial Advisory Board

Reflecting Mayor and Council Revisions

Of February 4, 2013

Purpose: The Purpose of the Financial Advisory Board (the Board) is to advise the Mayor and Council regarding financial matters, including the reviewing of current financial policies, procedures, and documents relating to City finances and making recommendations to the Mayor and Council.

Board Duties and Responsibilities: The Financial Advisory Board will provide minutes of its meetings as well as related reports in support of its duties as enumerated below. The format of any reports shall be decided by the Board. The Board may also be provided time to orally present to the Mayor and Council. All members shall familiarize themselves with the financial affairs of the City.

Thereafter, the Board would:

1. Review and evaluate the financial consequences of any program or proposal, as may be requested by the Mayor and Council. The Board may be asked to analyze, research, and assess alternatives and make appropriate recommendations to the Mayor and Council.
2. Annually review the City's Comprehensive Annual Financial Report (CAFR), the Single Audit Report, and all other reports issued by the auditors and published in final form. The review should encompass and include any management letters and audit findings, as appropriate.
3. Annually review the City's Financial Management Policies published in the City's budget document to evaluate whether those policies are appropriate.
4. Annually review the City's investment policy to evaluate whether that policy is appropriate.
5. Review the City's cash and investment report when published.
6. Review the City's quarterly financial reports to assess whether spending and revenue collection are tracking with adopted and amended budgets, analyzing variances, and highlighting problem areas, if any.
7. Annually, provide comments and recommendations regarding the next fiscal year's Operating and Capital budgets, as appropriate.

8. Review and report on such matters as bonding requests, the practices and/or policies of other jurisdictions, or any other matter as may be requested by the Mayor and Council.

Structure and Qualifications: A five-member board, appointed by the Mayor and Council, with overlapping three-year terms. The Board will select its own Chairperson. The Board will consist of at least three residents of the City and any two others who, in the opinion of the Mayor and Council, can demonstrate a stakeholder position, ideally with at least one member from the Rockville business community. One member shall be a Certified Public Accountant licensed to practice or retired, at least one other shall have experience with financial matters related to larger employers or governmental agencies. All members shall demonstrate experience directly in, or related to finance or accounting. Additionally, Board members will be able to read and understand governmental financial statements sufficiently to be able to recognize inconsistencies and report on variances that require explanation and reporting to the Mayor and Council.

Staffing: The Board will be staffed by a member of the City's Finance Department.

Meetings: The Board shall meet at least quarterly at City Hall. The Board may meet more frequently as needed by the Mayor and Council for special assignments or projects. Depending on the topic under review, there may be additional sub-committee time commitment necessary.